

NAMI NEW ORLEANS, INC.

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **DEC 07 2011**

NAMI NEW ORLEANS, INC.

Year Ended June 30, 2011

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CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS**

**SIDNEY T. SPILSBURY, C.P.A.  
(1905-1985)  
KEITH T. HAMILTON, C.P.A.  
(1932-2003)  
LEROY P. LEGENDRE, C.P.A.  
(Retired)**

**INDEPENDENT AUDITOR'S REPORT**

**Executive Director and Board of Directors  
NAMI New Orleans, Inc.  
New Orleans, Louisiana**

We have audited the accompanying statement of financial position of NAMI New Orleans, Inc. (a Louisiana non-profit corporation) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of NAMI New Orleans, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2010 financial statements and, in our report dated October 26, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI New Orleans, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2011 on our consideration of NAMI New Orleans, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and

Executive Director and Board of Directors  
NAMI New Orleans, Inc.

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Activities by Program on pages 17 through 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Paciera, Gautreau & Priest LLC*

December 1, 2011

NAMI NEW ORLEANS, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2011  
(With Summarized Financial Information  
at June 30, 2010)

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 385,416	\$ 305,430
Investments	281,336	255,252
Due from Federal and State agencies	183,841	212,612
Prepaid expenses	14,595	14,424
Due from Friends Alliance Housing, Inc.	2,671	2,671
Due from Friends Alliance Housing II, Inc.	<u>4,816</u>	<u>4,816</u>
Total Current Assets	<u>872,675</u>	<u>795,205</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	119,205	119,205
Building and improvements	984,773	954,493
Office furniture and equipment	76,775	75,946
Transportation equipment	82,833	82,833
Household equipment	18,284	18,284
Educational, recreational and cultural equipment	<u>648</u>	<u>648</u>
Total Property and Equipment	1,282,518	1,251,409
Less: Accumulated depreciation	<u>493,819</u>	<u>457,317</u>
Net Property and Equipment	<u>788,699</u>	<u>794,092</u>
<u>OTHER ASSETS</u>		
Cash - Client funds	33,215	4,807
Assets held in Charitable Remainder Trust	256,192	256,556
Deposits	<u>3,123</u>	<u>3,773</u>
Total Other Assets	<u>292,530</u>	<u>265,136</u>
Total Assets	<u>\$1,953,904</u>	<u>\$1,854,433</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.  
STATEMENT OF FINANCIAL POSITION  
(Continued)  
JUNE 30, 2011  
(With Summarized Financial Information  
at June 30, 2010)

	<u>2011</u>	<u>2010</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 0	\$ 9,961
Accrued expenses	30,133	163
Current maturities of long-term debt	<u>28,200</u>	<u>26,586</u>
<i>Total Current Liabilities</i>	<u>58,333</u>	<u>36,710</u>
<u>LONG-TERM DEBT</u>		
Non-current maturities	<u>148,478</u>	<u>174,718</u>
<u>OTHER LIABILITIES</u>		
Liability under unitrust agreement	76,681	80,476
Funds held on behalf of clients	<u>32,746</u>	<u>4,807</u>
<i>Total Other Liabilities</i>	<u>109,427</u>	<u>85,283</u>
<i>Total Liabilities</i>	<u>316,238</u>	<u>296,711</u>
<u>NET ASSETS</u>		
Unrestricted	1,458,155	1,381,642
Temporarily restricted	<u>179,511</u>	<u>176,080</u>
<i>Total Net Assets</i>	<u>1,637,666</u>	<u>1,557,722</u>
<i>Total Liabilities and Net Assets</i>	<u>\$1,953,904</u>	<u>\$1,854,433</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011  
(With Summarized Financial Information  
for the Year Ended June 30, 2010)

	<u>Unrestricted</u>
<u>SUPPORT, REVENUE, AND GAINS</u>	
Support:	
Membership dues	\$ 4,029
Donations	51,424
Fund-raiser	44,423
Miscellaneous	<u>7,925</u>
Total Support	<u>107,801</u>
Revenue and Gains:	
Fees for services	1,662,386
Management fees	21,530
Gain on disposal of assets	0
Realized/unrealized gain (loss) on investment	22,886
Change in split-interest agreement	0
Rental income	45,216
Investment income	<u>3,198</u>
Total Revenue and Gains	<u>1,755,216</u>
Total Support, Revenue, and Gains	<u>1,863,017</u>
<u>EXPENSES</u>	
Program Services:	
Intensive Case Management	327,581
Transitional services	0
Case management	98,371
Crisis transportation	593
Housing	156,563
Employment	0
Drop-in Centers	59,194
Newport Place	28,292
Assertive Community Outreach	0
Uptown Friendship Club	142,897
Rehabilitation	454,120
Independent Living Apartment Program (ILAP)	0
Supervised Adult Independent Living (SAIL)	<u>327,167</u>
Total Program Services	<u>1,594,778</u>
Supporting Services:	
Trust and administrative	149,651
Fund raising	<u>42,075</u>
Total Supporting Services	<u>191,726</u>
Total Expenses	<u>1,786,504</u>
<u>INCREASE IN NET ASSETS</u>	76,513
Net Assets - Beginning of Year	<u>1,381,642</u>
Net Assets - End of Year	<u>\$1,458,155</u>

See accompanying notes to financial statements.

<u>2011</u>		<u>2010</u>
<u>Temporarily</u> <u>Restricted</u>	<u>Total</u>	<u>Total</u>
\$ 0	\$ 4,029	\$ 5,000
0	51,424	13,968
0	44,423	0
<u>0</u>	<u>7,925</u>	<u>14,836</u>
<u>0</u>	<u>107,801</u>	<u>33,804</u>
0	1,662,386	1,892,134
0	21,530	12,703
0	0	2,800
0	22,886	3,619
3,431	3,431	2,564
0	45,216	47,244
<u>0</u>	<u>3,198</u>	<u>0</u>
<u>3,431</u>	<u>1,758,647</u>	<u>1,961,064</u>
<u>3,431</u>	<u>1,866,448</u>	<u>1,994,868</u>
0	327,581	0
0	0	146,203
0	98,371	94,929
0	593	81,634
0	156,563	167,213
0	0	64,953
0	59,194	109,167
0	28,292	22,598
0	0	232,462
0	142,897	133,476
0	454,120	396,091
0	0	7,820
<u>0</u>	<u>327,167</u>	<u>297,595</u>
<u>0</u>	<u>1,594,778</u>	<u>1,754,141</u>
0	149,651	130,274
<u>0</u>	<u>42,075</u>	<u>6,414</u>
<u>0</u>	<u>191,726</u>	<u>136,688</u>
<u>0</u>	<u>1,786,504</u>	<u>1,890,829</u>
3,431	79,944	104,039
<u>176,080</u>	<u>1,557,722</u>	<u>1,453,683</u>
<u>\$179,511</u>	<u>\$1,637,666</u>	<u>\$1,557,722</u>



NAMI NEW ORLEANS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2011  
(With Summarized Financial Information  
for the Year Ended June 30, 2010)

	Program Services					
	Intensive Case Manage- ment	Case Manage- ment	Crisis Transport- ation	Housing	Drop-in Centers	Newport Place
Advertising	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bank charges	146	148	0	148	281	135
Client assistance	1,472	150	0	83,869	0	0
Depreciation	2,000	500	0	500	1,000	4,760
Dues and subscriptions	0	0	0	500	0	0
Employee benefits	21,042	10,788	0	9,129	0	0
Field travel	26,564	7,731	0	1,682	275	0
Fund-raising	0	0	0	0	0	0
Insurance	4,449	1,889	280	0	7,718	2,770
Interest	0	0	0	0	0	9,020
Maintenance and repairs	3,884	582	0	0	4,869	9,748
Management fees - Allocated	0	0	0	0	0	0
Miscellaneous	1	0	0	0	985	0
Office supplies	9,048	144	9	16	78	0
Other supplies	565	0	0	0	4,216	0
Payroll taxes	20,351	5,869	0	4,986	3,059	0
Postage	44	0	0	0	0	0
Printing	426	0	0	0	0	0
Professional fees	1,893	760	0	0	0	0
Rent	6,395	1,399	0	0	0	0
Retirement	5,700	1,800	0	1,500	900	0
Salaries	211,237	63,854	304	53,906	30,689	0
Taxes and licenses	0	0	0	0	0	0
Telephone	7,232	2,440	0	327	3,244	0
Utilities	5,132	317	0	0	1,880	1,859
<b>Total</b>	<b>\$327,581</b>	<b>\$98,371</b>	<b>\$593</b>	<b>\$156,563</b>	<b>\$59,194</b>	<b>\$28,292</b>

See accompanying notes to financial statements.

Uptown Friend- ship Club	Rehabil- itation	SAIL	Total Program Services	Supporting Services		Total Supporting Services	Total 2011	Total 2010
				Fund- Raising	Trust and Adminis- trative			
\$ 0	\$ 175	\$ 0	\$ 175	\$ 0	\$ 1,660	\$ 1,660	\$ 1,835	\$ 444
162	148	148	1,316	96	715	811	2,127	1,920
0	0	800	86,291	0	650	650	86,941	102,576
7,000	11,928	6,372	34,060	0	8,881	8,881	42,941	42,195
0	0	0	500	0	1,080	1,080	1,580	520
11,933	28,860	25,965	107,717	0	5,057	5,057	112,774	128,203
1,318	3,211	22,228	63,009	719	1,612	2,331	65,340	59,440
0	0	0	0	36,733	0	36,733	36,733	0
6,156	21,848	4,252	49,362	0	17,862	17,862	67,224	78,995
0	1,903	0	10,923	0	3,831	3,831	14,754	14,427
6,132	15,756	1,601	42,572	0	3,957	3,957	46,529	47,634
0	0	0	0	0	0	0	0	2
50	148	0	1,184	0	3,565	3,565	4,749	4,710
2,142	4,567	5,003	21,007	1,027	3,978	5,005	26,012	19,353
3,454	6,311	0	14,546	1,932	1,377	3,309	17,855	18,906
8,195	26,338	21,065	89,863	0	7,074	7,074	96,937	122,957
0	904	0	948	0	1,344	1,344	2,292	2,627
0	497	61	984	1,146	445	1,591	2,575	1,277
812	9,405	3,737	16,607	422	7,683	8,105	24,712	35,183
0	0	0	7,794	0	0	0	7,794	0
2,490	9,000	6,300	27,690	0	2,310	2,310	30,000	0
87,363	305,534	221,053	973,940	0	73,932	73,932	1,047,872	1,153,983
0	0	0	0	0	187	187	187	0
2,722	3,032	6,316	25,313	0	0	0	25,313	32,188
2,968	4,555	2,266	18,977	0	2,451	2,451	21,428	23,289
<u>\$142,897</u>	<u>\$454,120</u>	<u>\$327,167</u>	<u>\$1,594,778</u>	<u>\$42,075</u>	<u>\$149,651</u>	<u>\$191,726</u>	<u>\$1,786,504</u>	<u>\$1,890,829</u>

NAMI NEW ORLEANS, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2011  
(With Summarized Financial Information  
for the Year Ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 79,944	\$104,039
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	42,941	42,195
Net (gain) on investments	(22,886)	(3,619)
Net decrease in receivables and prepaid expenses	28,600	36,346
Net (decrease) in accounts payable	(9,961)	(3,785)
Net increase (decrease) in accrued liabilities	29,970	(49,838)
Change in split-interest agreement	(3,431)	(2,564)
Net (increase) in cash - Client funds	(28,408)	(589)
Net increase in funds held on behalf of clients	27,939	589
Gain on disposal of assets	<u>0</u>	<u>(2,800)</u>
Net Cash Provided by Operating Activities	<u>144,708</u>	<u>119,974</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(3,198)	0
Purchase of property and equipment	(37,548)	(23,112)
Change in deposits	650	0
Proceeds from sale of assets	<u>0</u>	<u>2,800</u>
Net Cash (Used for) Investing Activities	<u>(40,096)</u>	<u>(20,312)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of notes payable	(24,626)	(24,953)
Net Cash (Used for) Financing Activities	<u>(24,626)</u>	<u>(24,953)</u>
Net Increase in Cash and Cash Equivalents	79,986	74,709
Cash and Cash Equivalents -		
Beginning of Year	<u>305,430</u>	<u>230,721</u>
End of Year	<u>\$385,416</u>	<u>\$305,430</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.  
STATEMENT OF CASH FLOWS  
(Continued)  
YEAR ENDED JUNE 30, 2011  
(With Summarized Financial Information  
for the Year Ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Cash paid during the year for -		
Interest	<u>\$14,754</u>	<u>\$14,427</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

A. Description of Organization

Nature of Activities

NAMI New Orleans, Inc. ("NAMI") is a non-profit organization which operates in the New Orleans Metropolitan Area. It has several contracts with the Metropolitan Human Services District and Jefferson Parish Human Services Authority and also receives other funding from fees, dues, donations and fund-raising. NAMI is dedicated to creating an environment to help individuals who have been socially and vocationally disabled by mental illness to achieve or regain the confidence and skills to live vocationally productive and socially satisfying lives.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of NAMI have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Under U.S. generally accepted accounting principles, NAMI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the *Statement of Cash Flows*, NAMI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset

NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2011

Summary of Significant Accounting Policies (Cont'd)

Fair Value Measurements (Cont'd)

or liability, either directly or indirectly (Level 2); and unobservable inputs form the asset or liability (Level 3).

Property and Equipment

NAMI capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost; donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

*Unrestricted Net Assets* - Those net assets whose use is not restricted by donors.

*Temporarily Restricted Net Assets* - Those net assets whose use has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that resources be maintained permanently.

NAMI has no permanently restricted assets, liabilities or activities.

Medicaid

NAMI receives Medicaid funding under a fixed price arrangement. These amounts are specifically excluded from OMB Circular A-133 audit requirements. Medicaid funds totaling \$507,281 were received in 2011 and are included in 'Fees for Services' in the accompanying Statement of Activities.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2011

Summary of Significant Accounting Policies (Cont'd)

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NAMI's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Investments

Under U.S. generally accepted accounting principles, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the changes in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Income Taxes

NAMI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NAMI's tax-exempt purpose is subject to taxation as unrelated business income. NAMI had no unrelated business income for the year ended June 30, 2011. In addition, NAMI has been classified by the Internal Revenue Service as an organization other than a private foundation under Section 509(a)(2).

Subsequent Events

Subsequent events have been evaluated through December 1, 2011, which is the date the financial statements were available to be issued.

C. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are stated at fair value, which is based on quoted market prices for those investments.

NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2011

Investments (Cont'd)

At June 30, 2011, investments held by NAMI consisted of the following:

Money Market Account	\$135,820
Mutual Funds	<u>145,516</u>
	<u>\$281,336</u>

Investment income for the year ended June 30, 2011, is classified as *Unrestricted* in the *Statement of Activities* and consists of:

Interest and unrealized gains on investments	<u>\$26,084</u>
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D. Due from Federal and State Agencies

Due from Federal and State agencies at June 30, 2011 is summarized as follows:

Department of Housing and Urban Development	\$ 26,194
Office of Human Services,	
Division of Mental Health	112,871
Medicaid	<u>44,776</u>
<i>Total</i>	<u>\$183,841</u>

Management considers all receivables for the year ended June 30, 2011 to be collectible; accordingly, no allowance for doubtful accounts was provided.

E. Property and Equipment

The related lives and accumulated depreciation for each category of assets is as follows:

<u>Asset</u>	<u>Life</u>	<u>Accumulated Depreciation</u>
Building and improvements	7 - 30 years	\$354,478
Office furniture and equipment	5 - 10 years	44,009
Transportation equipment	5 years	75,538
Household equipment	5 - 7 years	18,284
Educational, recreational, and cultural equipment	7 years	648
Land improvements	20 years	<u>862</u>
		<u>\$493,819</u>



NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2011

F. Split-Interest Agreement

NAMI administers a charitable remainder trust (the "Trust"). A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for NAMI's use. The portion of the trust attributable to the present value of the future benefits to be received by NAMI is recorded in the *Statement of Activities* as a temporarily restricted contribution. Assets held in the charitable remainder trust totaled \$256,192 at June 30, 2011, and are reported at fair market value in NAMI's *Statement of Financial Position*. On an annual basis, NAMI revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$76,681 at June 30, 2011) is calculated using a discount rate of 5% and applicable mortality tables.

G. Long-term Debt

NAMI's obligations under mortgages and notes payable consist of the following.

On June 19, 1998, NAMI entered into an agreement with the Trust to finance the Newport Place property. The financing was in the amount of \$160,000, with interest at 7% per annum. The note is payable in 360 monthly installments of \$1,064. The outstanding balance on this loan at June 30, 2011 was \$126,778.

On June 1, 2008, NAMI entered into an agreement with the Trust to refinance a portion of their debt. The financing was in the amount of \$114,000, with interest at 6.25% per annum. The note is payable in 60 monthly installments of \$2,217. The outstanding balance on this loan at June 30, 2011 was \$49,900.

Following is the schedule of future maturities of long-term debt.

Year ended June 30,	
2012	\$ 28,200
2013	30,045
2014	4,630
2015	4,965
2016	5,324
Thereafter	<u>103,514</u>
	<u>\$176,678</u>

NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2011

H. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Restricted for life of donor:	
Charitable remainder trust	<u>\$179,511</u>

I. Concentration of Credit Risk/Major Customers

Contracts with the State of Louisiana, Orleans and Jefferson Parishes, all of which are renewable annually, totaled \$994,568, or approximately 60% of service fee income.

Funds received from Medicaid totaled \$507,281, or approximately 31% of service fee income.

Funds received from the Department of Housing and Urban Development (HUD) totaled \$157,100, or approximately 9% of service fee income.

At June 30, 2011, unsecured receivables from these agencies totaled \$183,841. Financial instruments that potentially subject NAMI to credit risk include these accounts receivable, which are shown as "Due from Federal and State Agencies".

J. Retirement Plan

NAMI offers a 401(k) plan to its employees. Employees electing to participate in the plan may elect to defer up to a maximum of 15% of compensation. The plan allows NAMI to make a discretionary match.

NAMI contributed \$30,000 to the retirement plan for the year ended June 30, 2011.

K. Related Party Transactions

NAMI is paid a management fee to oversee the operations of Friends Alliance Housing, Inc., a related entity. The entity owes NAMI for unpaid management fees of \$2,671 at June 30, 2011. There was \$9,071 of management fees and cost reimbursements for the year ended June 30, 2011.

NAMI loaned \$13,908 for start-up costs to Friends Alliance Housing II, Inc. ("FAHI, II"), a related entity. This loan is non-interest-bearing and has no repayment terms. The balance on this loan at June 30, 2011 was \$4,816. In addition, FAHI, II incurred \$7,839 in management fees and cost reimbursements.

NAMI has entered into financing agreements with the Trust. See Note G for descriptions of these transactions.

NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2011

**I. Fair Value Measurements**

Fair values of assets measured on a recurring basis at June 30, 2011 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Investments:				
Money market	\$135,820	\$135,820	\$ 0	\$ 0
Mutual funds	<u>145,516</u>	<u>145,516</u>	<u>0</u>	<u>0</u>
	<u>281,336</u>	<u>281,336</u>	<u>0</u>	<u>0</u>
Assets held in Charitable remainder trust				
Cash	81,473	81,473	0	0
Note receivable	126,777	0	0	126,777
Loan receivable	<u>47,942</u>	<u>0</u>	<u>0</u>	<u>47,942</u>
	<u>256,192</u>	<u>81,473</u>	<u>0</u>	<u>174,719</u>
<b>Total</b>	<b><u>\$537,528</u></b>	<b><u>\$362,809</u></b>	<b><u>\$ 0</u></b>	<b><u>\$174,719</u></b>
<b>Liabilities:</b>				
Note payable	\$126,778	\$ 0	\$126,778	\$ 0
Loan payable	49,900	0	49,900	0
Liability under unitrust agreement	<u>76,681</u>	<u>0</u>	<u>0</u>	<u>76,681</u>
<b>Total</b>	<b><u>\$253,359</u></b>	<b><u>\$ 0</u></b>	<b><u>\$176,678</u></b>	<b><u>\$ 76,681</u></b>

Management estimates that the fair values of the loan payable and mortgage payable approximates the carrying values by reference to similar liabilities with similar interest rates and repayment terms of the financial instruments.

Fair value measurements at June 30, 2011 using significant unobservable inputs (Level 3):

Assets held in charitable remainder trust:

Beginning balance	\$201,304
Principle payments received	<u>26,585</u>
Ending balance	<u>\$174,719</u>

NAMI NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2011

Fair Value Measurements (Cont'd)

Liability under unitrust  
agreement:

Beginning balance	\$80,476
Change in liability under unitrust agreement	<u>3,795</u>
Ending balance	<u>\$76,681</u>

Reconciliation of change in split interest agreement reported on  
the *Statement of Activities*:

Change in fair value of assets held in charitable remainder trust	\$ (364)
Change in liability under unitrust agreement	<u>3,795</u>
	<u>\$3,431</u>

M. Functional Expenses

NAMI allocates management fees and occupancy expenses as per the requirements of the various contracts for expense purposes.

N. Subsequent Event

On November 4, 2011, NAMI sold a building with a basis of approximately \$105,000 for \$199,000 which allowed for the payment of \$125,855 on debts of NAMI and resulted in a gain of approximately \$75,000.

SUPPLEMENTARY INFORMATION

NAMI NEW ORLEANS, INC.  
SCHEDULE OF ACTIVITIES - BY PROGRAM  
YEAR ENDED JUNE 30, 2011

	Intensive Case Manage- ment	Case Manage- ment	Crisis Transport- ation	Housing	Drop-in Center
<u>SUPPORT, REVENUE, AND GAINS</u>					
Support:					
Membership dues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Donations	0	0	0	0	0
Fund-raiser	0	0	0	0	0
Miscellaneous	0	0	0	32	0
Revenue and Gains:					
Fees for services	358,353	103,836	1,868	159,991	27,175
Management fees	0	0	0	21,530	0
Unrealized gains on investment	0	0	0	0	0
Change in split-interest agreement	0	0	0	0	0
Rental income	0	0	0	19,434	0
Investment income	0	0	0	0	0
<b>Total Support, Revenue, and Gains</b>	<b>358,353</b>	<b>103,836</b>	<b>1,868</b>	<b>200,987</b>	<b>27,175</b>
<u>EXPENSES</u>					
Advertising	0	0	0	0	0
Bank charges	146	148	0	148	281
Client assistance	1,472	150	0	83,869	0
Depreciation	2,000	500	0	500	1,000
Dues and subscriptions	0	0	0	500	0
Employee benefits	21,042	10,788	0	9,129	0
Field travel	26,564	7,731	0	1,682	275
Fund-raising	0	0	0	0	0
Insurance	4,449	1,889	280	0	7,718
Interest	0	0	0	0	0
Maintenance and repairs	3,884	582	0	0	4,869
Miscellaneous	1	0	0	0	985
Office supplies	9,048	144	9	16	78
Other supplies	565	0	0	0	4,216
Payroll taxes	20,351	5,869	0	4,986	3,059
Postage	44	0	0	0	0
Printing	426	0	0	0	0
Professional fees	1,893	760	0	0	0
Rent	6,395	1,399	0	0	0
Retirement	5,700	1,800	0	1,500	900
Salaries	211,237	63,854	304	53,906	30,689
Taxes and licenses	0	0	0	0	0
Telephone	7,232	2,440	0	327	3,244
Utilities	5,132	317	0	0	1,880
<b>Total Expenses</b>	<b>327,581</b>	<b>98,371</b>	<b>593</b>	<b>156,563</b>	<b>59,194</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 30,772</b>	<b>\$ 5,465</b>	<b>\$1,275</b>	<b>\$ 44,424</b>	<b>\$ (32,019)</b>

<u>Newport Place</u>	<u>Uptown Friendship Club</u>	<u>Rehabil- itation</u>	<u>SAIL</u>	<u>Fund- raising</u>	<u>Trust and Adminis- trative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,029	\$ 4,029
0	0	0	0	51,424	0	51,424
0	0	0	0	44,423	0	44,423
0	0	40	0	0	7,853	7,925
0	141,518	507,823	361,822	0	0	1,662,386
0	0	0	0	0	0	21,530
0	0	0	0	0	22,886	22,886
0	0	0	0	0	3,431	3,431
25,782	0	0	0	0	0	45,216
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,198</u>	<u>3,198</u>
<u>25,782</u>	<u>141,518</u>	<u>507,863</u>	<u>361,822</u>	<u>95,847</u>	<u>41,397</u>	<u>1,866,448</u>
0	0	175	0	0	1,660	1,835
135	162	148	148	96	715	2,127
0	0	0	800	0	650	86,941
4,760	7,000	11,928	6,372	0	8,881	42,941
0	0	0	0	0	1,080	1,580
0	11,933	28,860	25,965	0	5,057	112,774
0	1,318	3,211	22,228	719	1,612	65,340
0	0	0	0	36,733	0	36,733
2,770	6,156	21,848	4,252	0	17,862	67,224
9,020	0	1,903	0	0	3,831	14,754
9,748	6,132	15,756	1,601	0	3,957	46,529
0	50	148	0	0	3,565	4,749
0	2,142	4,567	5,003	1,027	3,978	26,012
0	3,454	6,311	0	1,932	1,377	17,855
0	8,195	26,338	21,065	0	7,074	96,937
0	0	904	0	0	1,344	2,292
0	0	497	61	1,146	445	2,575
0	812	9,405	3,737	422	7,683	24,712
0	0	0	0	0	0	7,794
0	2,490	9,000	6,300	0	2,310	30,000
0	87,363	305,534	221,053	0	73,932	1,047,872
0	0	0	0	0	187	187
0	2,722	3,032	6,316	0	0	25,313
<u>1,859</u>	<u>2,968</u>	<u>4,555</u>	<u>2,266</u>	<u>0</u>	<u>2,451</u>	<u>21,428</u>
<u>28,292</u>	<u>142,897</u>	<u>454,120</u>	<u>327,167</u>	<u>42,075</u>	<u>149,651</u>	<u>1,786,504</u>
<u>\$(2,510)</u>	<u>\$(1,379)</u>	<u>\$ 53,743</u>	<u>\$ 34,655</u>	<u>\$53,772</u>	<u>\$(108,254)</u>	<u>\$ 79,944</u>

NAMI NEW ORLEANS, INC.  
SCHEDULE OF ACTIVITIES - BY PROGRAM  
(Continued)  
YEAR ENDED JUNE 30, 2010

	<u>Trans- itional Services</u>	<u>Case Manage- ment</u>	<u>Crisis Transport- ation</u>	<u>Housing</u>	<u>Employ- ment</u>	<u>Drop-in Center</u>
<b><u>SUPPORT, REVENUE, AND GAINS</u></b>						
Support:						
Membership dues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	800	21	0
Revenue and Gains:						
Fees for services	163,948	103,753	91,119	157,080	55,281	138,427
Management fees	0	0	0	12,703	0	0
Realized/unrealized gains on investment	0	0	0	0	0	0
Change in split-interest agreement	0	0	0	0	0	0
Gain on disposal of assets	0	0	0	0	0	0
Rental income	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,452</u>	<u>0</u>	<u>0</u>
<b>Total Support, Revenue, and Gains</b>	<b><u>163,948</u></b>	<b><u>103,753</u></b>	<b><u>91,119</u></b>	<b><u>193,035</u></b>	<b><u>55,302</u></b>	<b><u>138,427</u></b>
<b><u>EXPENSES</u></b>						
Advertising	0	0	0	0	0	0
Bank charges	152	144	144	144	152	296
Client assistance	470	0	0	94,000	0	0
Depreciation	0	0	0	705	3,148	3,144
Dues and subscriptions	0	0	0	0	0	0
Employee benefits	15,380	8,972	5,127	7,690	5,162	3,845
Field travel	5,281	7,812	0	2,065	1,698	0
Insurance	5,484	2,350	3,186	7,051	4,074	12,535
Interest	309	0	0	0	877	1,134
Maintenance and repairs	0	0	0	0	0	8,053
Management fees - Allocated	34	92	34	0	0	26
Miscellaneous	0	0	26	631	0	81
Occupancy	0	1,800	10,188	0	0	3,000
Office supplies	469	503	613	0	746	509
Other supplies	0	0	252	0	0	7,549
Payroll taxes	11,404	6,975	6,170	5,598	4,250	6,185
Postage	72	0	0	0	142	288
Printing	8	0	0	0	27	10
Professional fees	3,571	832	578	578	1,179	2,003
Salaries	101,620	62,131	54,656	48,388	37,218	58,144
Telephone	1,381	2,778	660	363	2,445	53
Utilities	<u>568</u>	<u>540</u>	<u>0</u>	<u>0</u>	<u>3,835</u>	<u>2,312</u>
<b>Total Expenses</b>	<b><u>146,203</u></b>	<b><u>94,929</u></b>	<b><u>81,634</u></b>	<b><u>167,213</u></b>	<b><u>64,953</u></b>	<b><u>109,167</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b><u>\$ 17,745</u></b>	<b><u>\$ 8,824</u></b>	<b><u>\$ 9,485</u></b>	<b><u>\$ 25,822</u></b>	<b><u>\$ (9,651)</u></b>	<b><u>\$ 29,260</u></b>



<u>Newport Place</u>	<u>Assertive Community Outreach</u>	<u>Uptown Friendship Club</u>	<u>Rehabil- itation</u>	<u>ILAP</u>	<u>SAIL</u>	<u>Trust and Adminis- trative</u>	<u>Fund Raising</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 0	\$ 5,000
0	0	0	0	0	0	13,968	0	13,968
0	0	20	2,000	0	1	1,424	10,570	14,836
0	271,510	133,807	447,109	7,225	322,875	0	0	1,892,134
0	0	0	0	0	0	0	0	12,703
0	0	0	0	0	0	3,619	0	3,619
0	0	0	0	0	0	2,564	0	2,564
0	0	0	0	0	0	2,800	0	2,800
<u>23,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,582</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,244</u>
<u>23,210</u>	<u>271,510</u>	<u>133,827</u>	<u>449,109</u>	<u>8,807</u>	<u>322,876</u>	<u>29,375</u>	<u>10,570</u>	<u>1,994,868</u>
0	0	0	0	0	0	444	0	444
119	144	152	152	0	144	177	0	1,920
0	86	0	0	7,820	200	0	0	102,576
4,739	0	10,932	13,953	0	0	5,574	0	42,195
0	0	0	20	0	0	500	0	520
0	20,507	8,972	21,788	0	23,070	7,690	0	128,203
0	10,958	1,179	3,706	0	24,818	99	1,824	59,440
2,350	10,639	6,659	18,803	0	4,700	1,164	0	78,995
9,271	0	1,444	1,392	0	0	0	0	14,427
5,087	0	5,984	18,104	0	2,685	7,721	0	47,634
0	(31)	(78)	0	0	(76)	1	0	2
0	0	157	458	0	53	3,304	0	4,710
0	19,962	0	0	0	(18,200)	(17,500)	750	0
0	938	1,995	5,215	0	2,334	4,517	1,514	19,353
0	0	5,287	5,197	0	0	365	256	18,906
0	15,873	7,829	25,307	0	24,106	9,260	0	122,957
0	174	242	931	0	0	778	0	2,627
0	3	47	192	0	72	918	0	1,277
0	4,996	3,070	4,592	0	2,375	9,339	2,070	35,183
0	140,567	70,865	266,972	0	219,966	93,456	0	1,153,983
0	6,343	4,053	4,733	0	7,906	1,473	0	32,188
<u>1,032</u>	<u>1,303</u>	<u>4,687</u>	<u>4,576</u>	<u>0</u>	<u>3,442</u>	<u>994</u>	<u>0</u>	<u>23,289</u>
<u>22,598</u>	<u>232,462</u>	<u>133,476</u>	<u>396,091</u>	<u>7,820</u>	<u>297,595</u>	<u>130,274</u>	<u>6,414</u>	<u>1,890,829</u>
<u>\$ 612</u>	<u>\$ 39,048</u>	<u>\$ 351</u>	<u>\$ 53,018</u>	<u>\$ 987</u>	<u>\$ 25,281</u>	<u>\$ (100,899)</u>	<u>\$ 4,156</u>	<u>\$ 104,039</u>

**PACIERA, GAUTREAU & PRIEST, LLC**

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(1905-1985)  
KEITH T. HAMILTON, C.P.A.  
(1932-2003)  
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(Retired)**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Executive Director and Board of Directors  
NAMI New Orleans, Inc.  
New Orleans, Louisiana**

We have audited the financial statements of NAMI New Orleans, Inc. (a nonprofit organization) ("NAMI") as of and for the year ended June 30, 2011, and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered NAMI's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAMI's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NAMI's internal control over financial reporting.

A *deficiency in internal control* exists when the design of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAMI's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Paciera, Gautreau & Priest LLC*

December 1, 2011

**PACIERA, GAUTREAU & PRIEST, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

NAMI NEW ORLEANS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

NAMI NEW ORLEANS, INC.  
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2011

**Finding No. 2010-01**

*Statement of Condition:* Management does not review bank reconciliations prepared by accounting staff and does not review the bank statements.

*Recommendation:* We recommend that management open the bank statements and review them for any unusual checks or other transactions before giving them to accounting to perform the reconciliation. Management's review of the bank statements will insure that unusual items are investigated on a timely basis. In addition, we recommend all bank reconciliations be approved by management and that all reconciliations be initialed as indication of approval.

*Current Status:* The recommendation was adopted in October 2010. No similar findings were noted in the 2011 audit.